

Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 NEA-10 IO-10 ISO-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 FEAE-00 OMB-01 SAJ-01 OES-03 ERDA-05 /128 W

----- 061790

R 111610Z SEP 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 2790

INFO AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

AMEMBASSY ROME

USMISSION USBERLIN

AMEMBASSY BERLIN

USMISSION USUN NEW YORK

USMISSION OECD PARIS

USMISSION EC BRUSSELS

USLO PEKING

AMEMBASSY TEHRAN

C O N F I D E N T I A L SECTION 01 OF 02 BONN 14897

E.O. 11652: GDS

TAGS: PFOR, ENRG, GW, EGEN, UNGA

SUBJECT: FRG VIEWS ON CURRENT ECONOMIC ISSUES

1. SUMMARY: IN SEPTEMBER 10 TOUR D'HORIZON WITH
AMBASSADOR, ECONMINISTRY STATE SECRETARY ROHWEDDER
COMMENTED ON ISSUES AT UNGA 7TH SPECIAL SESSION,
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ECONOMIC RELATIONS WITH GDR, FRG AND

EC TIES WITH IRAN, PROSPECTS FOR TRADE WITH CHINA, AND FUTURE OF IEA. HE BROKE LITTLE NEW GROUND. END SUMMARY.

2. UNGA 7TH SPECIAL SESSION. ROHWEDDER HAD JUST RETURNED FROM LENGTHY CABINET MEETING ON DOMESTIC ECONOMY, AND ON ISSUES WHICH HAD SURFACED IN DRAFTING OF CONSENSUS RESOLUTION IN NEW YORK. IN LATTER REGARD, FRG AMBASSADOR VON WECHMAR HAD SOUGHT DETAILED INSTRUCTIONS, AND HAD INDICATED UNCERTAINTY RE USG POSITION ON CERTAIN PARAGRAPHS -- E.G., (A) PREAMBULAR REFERENCE TO PRINCIPLES OF NIEO; (B) UNCTAD DISCUSSION OF "LINKAGE" BETWEEN PRICES OF EXPORTS FROM DEVELOPED AND DEVELOPING COUNTRIES; (C) USE OF SDRS FOR DEVELOPMENT AID; AND (D) DEBT RESCHEDULING. AMBASSADOR AND ROHWEDDER AGREED THAT DIRECT FRG-USG CONTACTS IN NEW YORK AND WASHINGTON COULD BEST CLARIFY SUCH POINTS.

3. GDR. ASKED TO ASSESS ECONOMIC SITUATION IN GDR, ROHWEDDER SAID THAT PANKOW HAS STRAINED ITS ECONOMY TO ABSOLUTE LIMIT IN ORDER TO DEVELOP EXPORT SECTOR. RESULT HAS BEEN SHORTAGE OF CONSUMER GOODS AND FAILURE TO BUILD UP INFRASTRUCTURE. HE SAID THAT LACK OF FOREIGN EXCHANGE FORCES GDR TO SEEK CASH DEALS (SOMETIMES VIA DUMPING PRACTICES), AND PARTIAL BARTER ARRANGEMENTS IN TRADE WITH WEST.

A. IN INNER-GERMAN CONTEXT, ROHWEDDER DID NOT VIEW GDR INDEBTEDNESS AS MAJOR PROBLEM. HE NOTED THAT, HISTORICALLY, IT HAD RISEN IN PROPORTION TO VOLUME OF INNER-GERMAN TRADE (WHICH HE EXPECTED TO REACH SOME DM 7 BILLION THIS YEAR). IN LAST ANALYSIS, HE SAID GDR WILL MEET ITS FOREIGN OBLIGATIONS AT EXPENSE OF CONSUMER GOODS. ROHWEDDER SAW NO IMMEDIATE DANGER THAT GDR MIGHT SUFFER DOMESTIC UNREST, AS DID POLAND IN 1971, BY FOLLOWING THIS POLICY.

B. NOTING THAT SWING ARRANGEMENT HAS BEEN CONFIDENTIAL

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SUBSTANTIALLY EXHAUSTED, ROHWEDDER SAID FRG DOES NOT INTEND MAKE NEW CREDIT FACILITIES AVAILABLE TO GDR. HE PROFESSED INDIFFERENCE AT LEVEL OF COMMERCIAL CREDITS WHICH GDR OBTAINS, EXCEPT INsofar AS THESE MIGHT LEAD TO "BOTTLENECK" IN MEETING ITS OTHER OBLIGATIONS TO FRG.

C. ROHWEDDER SAID SPIRIT OF HELSINKI HAD PLAYED

GREAT ROLE IN HIS RECENT MEETING WITH GDR COUNTERPART,
SOELLE, AT LEIPZIG FAIR. HE HAD TOLD SOELLE THAT
GDR DUMPING OF APPAREL (SUITS, SHIRTS) IN FRG
VIOLATES ITS EXPLICIT CSCE OBLIGATION NOT TO DISTURB
MARKETS OF OTHER SIGNATORIES. ROHWEDDER BELIEVED
GDR WOULD HEEFORTH CEASE THIS LATEST
DUMPING PRACTICE.

D. NOTABLY, ACCORDING TO ROHWEDDER, SOELLE HAD
ALSO TALKED FREELY ABOUT ISSUES OUTSIDE BILATERAL
TRADE CONTEXT. HE DWELT ON FRG-GDR RELATIONS IN
POST-HELSINKI ERA. HE SHOWED NO INTEREST IN NIEO
OBLIGATIONS, OR IN COMMODITY AGREEMENTS PER SE.

4. IRAN-EC-FRG RELATIONS. ROHWEDDER CONFIRMED THAT

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C O N F I D E N T I A L SECTION 02 OF 02 BONN 14897

JULY 29-31 VISIT BY ECONMINISTER FRIDERICH TO TEHRAN
HAD PRODUCED "NO NEW NUANCE" ON BUSHIRE REFINERY AND
RELATED ISSUE OF PREFERENTIAL ARRANGEMENT WITH EC.
HE REGARDED REFINERY ISSUE AS "DEAD," BUT HE
REITERATED FRG VIEW THAT WEST MUST FIND SOME
SPECIAL ARRANGEMENT FOR IRAN. IN ANSWER TO DIRECT
QUESTION (REF EC BRUSSELS 8009 NOTAL), ROHWEDDER
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SAID THAT IRAN HAS NOT RECENTLY EXERCISED ANY PRESSURE,
OR MADE ANY EFFORT IN BRUSSELS, TO OBTAIN PREFERENTIAL
ARRANGEMENT WITH EC.

5. CHINA. ROHWEDDER HAD NOT YET SPOKEN WITH
MINISTER FRIDERICH ABOUT LATTER'S RECENT TRIP TO
CHINA. HE HAD IMPRESSION, THOUGH, THAT FRIDERICH
HAD MADE LITTLE PROGRESS ON FRG-PRC JOINT ECONOMIC
COMMISSION -- AN ISSUE WHICH WILL BE RESERVED FOR
CHANCELLOR SCHMIDT'S VISIT END OCTOBER. ROHWEDDER
STRESSED THAT FRG MUST DEVELOP ITS MINISCULE TRADE
WITH CHINA, DESPITE ENORMOUS DIFFICULTIES. HE WAS
HOPEFUL THAT CURRENT FRG EXHIBIT, TECHNOGERMA 75,
WOULD PRODUCE SIGNIFICANT ORDERS FOR GERMAN INDUSTRY.

6. IEA. ALLUDING TO LACK OF IMMEDIATE ENERGY
CRISIS AND TO SERIES OF REPORTS FROM WASHINGTON,
ROHWEDDER EXPRESSED CONCERN THAT IEA WILL LOSE ITS
EARLIER DYNAMISM AND BECOME A "BORING" BUREAUCRACY.
AMBASSADOR ASSURED ROHWEDDER THAT USG RETAINS
UNDILUTED COMMITMENT TO IEA. IN THIS REGARD, THE
FULL AGENDA OF MAJOR ISSUES WHICH ROHWEDDER'S
COLLEAGUES HAD DISCUSSED AT SLT MEETING IN PARIS
THIS WEEK WAS CITED.

7. COMMENT: ROHWEDDER BROKE LITTLE NEW GROUND IN
ABOVE REMARKS. HE AND HIS COLLEAGUES HAVE VOICED
CONCERN RE FUTURE OF IEA IN PAST DISCUSSION WITH
EMBASSY, USUALLY IN CONTEXT OF CONTINUING DEBATE OVER
USG DOMESTIC ENERGY POLICY. END COMMENT.
HILLENBRAND

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